



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Receive Quarterly Utility reports from Electric, Water and Wastewater Utility Departments for 3rd Quarter Fiscal Year 2007-2008

MEETING DATE: June 26, 2007

PREPARED BY: Electric Utility, Water Utility and Wastewater Utility Departments

RECOMMENDED ACTION: Receive Quarterly Utility reports for Electric, Water and Wastewater Utility Departments for 3rd Quarter Fiscal Year 2007-2008.

BACKGROUND INFORMATION: The attached Electric, Water and Wastewater Utility Department financial reports for the 3rd Quarter Fiscal Year 2007-2008 are presented in accordance with established reporting requirements.

In summary the operations for the 3rd quarter of fiscal year 2007-08 show the following financial results:

Electric Utility

- 3rd Quarter Financial Results ahead of projections (+\$650,000)
- General Operating expenses well under budget (-\$1.6 Million or 25%)
- Power Supply costs up \$2.3 million (+7%)
- Sales down 3.5% but revenues up 2.6%


Wastewater:

- Cash balance is \$4.3 million
- Revenues on target at 80% of estimated
- Operating expenses under target at 62% of budget

Water:

- Cash balance is \$856 thousand
- Revenues are on target at 79 % of estimated
- Fund Operating expenses under target at 63 % of budget

Staff from the Electric, Wastewater and Water departments will highlight areas of interest and the financial results during the power point presentation at the shirtsleeve meeting on June 26, 2007.


Jim Krueger
Deputy City Manager

APPROVED:


Blair King, City Manager



Electric Utility Department

FY07 Quarterly Update **(Through March 31, 2007)**

Shirtsleeve Meeting
June 26, 2007



Summary

- 3rd Quarter Financial Results ahead of projections (+\$650K)
- General Operating expenses well under budget (-\$1.6M or 25%)
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Q3 Financial Results

Cash Flow			
	Ending March 31, 2007		
Revenue	Projections	Actuals	Difference
Total Revenues	50,095,225	51,705,638	1,610,413
Expenses			
Purchase Power	33,282,396	35,651,283	2,368,887
Non Power	8,907,211	7,229,321	(1,677,890)
Total Expenses	42,189,607	42,880,604	690,997
Net Revenue for Debt Service	7,905,618	8,825,034	919,416
Debt Service			
Net Revenue	5,925,229	6,579,031	653,802
In-lieu Transfer to General Fund	5,084,250	5,084,251	-
Net Increase (Decrease) in Working Capital	840,979	1,494,780	653,802
Beginning Cash Balance	3,631,402	3,631,402	
Changes in GOR	1,503,615	1,503,615	
Ending Cash Balance	5,975,996	6,629,798	653,801



Electric Expenses by Series

Series	FY07 Budget	Q3 Projections	Q3 Actuals	% of Budget
Personnel	\$ 6,162,788	\$ 4,622,091	\$ 3,745,905	60.8%
Supplies, Materials, Services	\$ 1,347,619	\$ 1,010,714	\$ 781,632	58.0%
Equipment, Land, Structures	\$ 905,041	\$ 678,781	\$ 266,369	29.4%
Other Payments	\$ 479,100	\$ 359,325	\$ 186,249	38.9%
Communication & Transportation	\$ 81,683	\$ 61,262	\$ 63,328	77.5%
Total Operating Expenses	\$ 8,976,231	\$ 6,732,173	\$ 5,043,482	56.19%

Note: Includes Capital Expenditures



Q3 Sales

	YTD Projections	YTD Actuals	% Difference
kWh	361,067,198	348,435,353	-3.5%
Revenue	\$ 49,338,802	\$ 50,619,996	2.6%

Month	Year	HDD	Normal	CDD	Normal
July	2006	0	0	650	504
August	2006	0	0	449	430
September	2006	3	13	288	263
October	2006	96	76	9	73
November	2006	316	348	2	0
December	2006	530	609	0	0
January	2007	617	592	0	0
February	2007	348	391	0	0
March	2007	157	313	9	0
Q3 Total		2,067	2,342	1,407	1,270



Q3 Billing Statistics

Customer Class	kWh Sales	Revenue	Average Rate
Residential	124,923,045	21,485,977	\$ 0.1720
Small Commercial	124,083,963	18,465,289	\$ 0.1488
Large Commercial/Small Industrial	29,029,760	3,783,349	\$ 0.1303
Industrial	70,398,585	6,885,381	\$ 0.0978
TOTAL	348,435,353	50,619,996	\$ 0.1453



NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
 - \$3,113,432(June 30, 2006)
 - \$4,617,047 (March 31, 2007)

\$1,503,615 Increase



Power Supply



Q3 Power Supply

	Estimated	Actual	Change in \$\$	Change
Generation	\$29,297,452	\$34,747,389	\$ 5,449,937	18.6%
Transmission	\$ 4,450,574	\$ 3,714,428	\$ (736,146)	-16.5%
Management Services	\$ 1,682,768	\$ 1,638,459	\$ (44,309)	-2.6%
Third Party Revenue	\$ 2,148,398	\$ 4,448,993	\$ 2,300,595	107.1%
TOTAL	\$33,282,396	\$35,651,283	\$ 2,368,887	7.1%



Q3 Power Supply Contributing Factors

Increase

- Contracts & Market Purchases- replacement power budget \$67 vs. actual \$89 MWh. **\$4,269,447**
- Gas Plants-increase in fuel/maintenance costs. **\$1,136,613**
- Hydroelectric Projects **\$48,061**
- TOTAL \$5,454,121**

Offsets

- Third Party Revenue. **(\$2,300,595)**
- Transmission. **(\$736,146)**
- Member Services. **(\$44,309)**
- Geo Plants. **(\$4,184)**

TOTAL (\$3,085,234)

NET INCREASE \$2,368,887

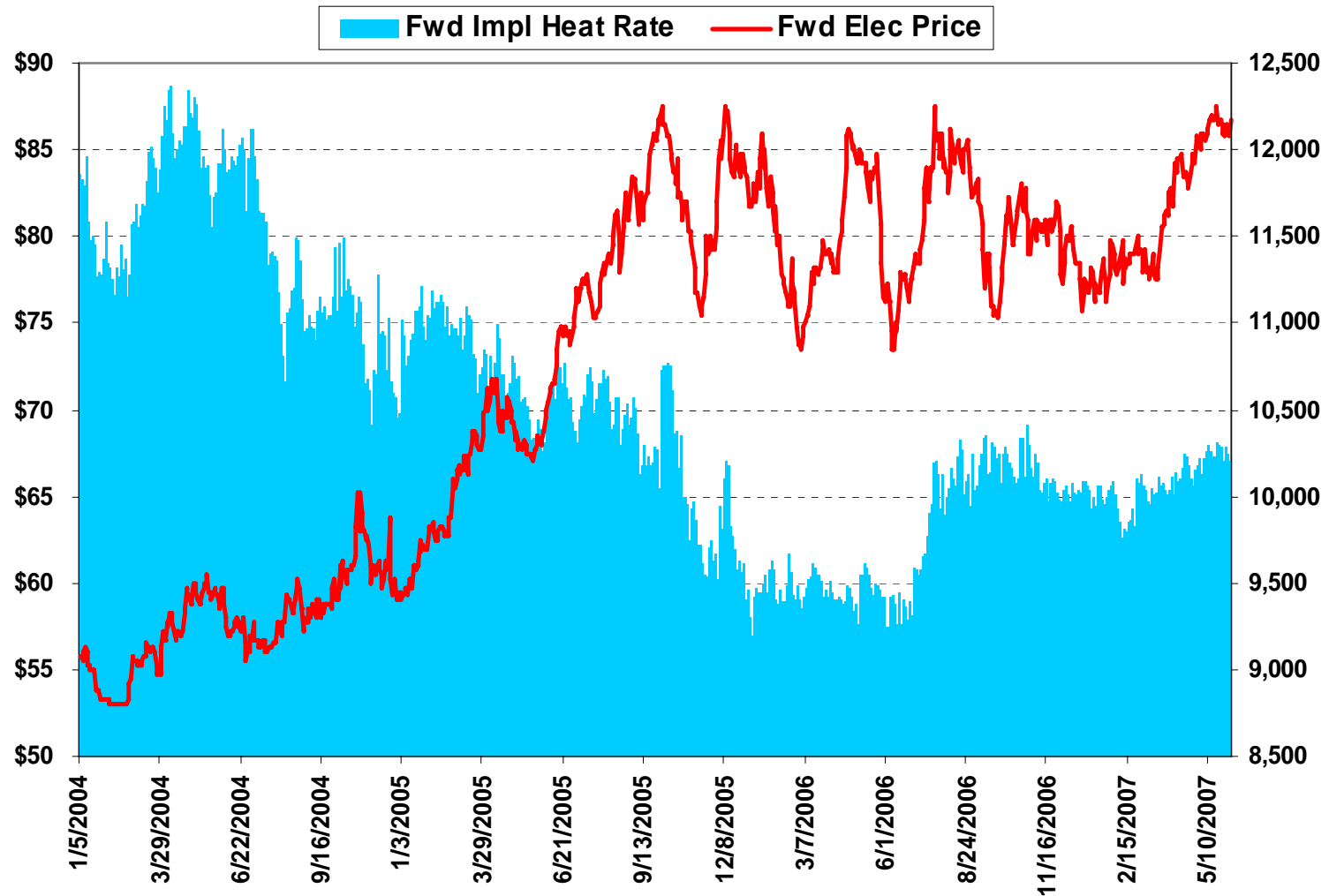


FY08 “Open Position”

	Lodi Total Surplus/(Deficit)	Load	% of Load	Lodi HLH Surplus/(Deficit)	% of Load	Lodi LLH Surplus/(Deficit)	% of Load
July 2007	(3,699)	53,597	-6.9%	(763)	-2.2%	(2,936)	-14.9%
August	(3,767)	49,592	-7.6%	(2,015)	-6.1%	(1,752)	-10.5%
September	320	42,940	0.7%	537	2.0%	(218)	-1.3%
October	(1,210)	38,430	-3.1%	(1,194)	-4.7%	(16)	-0.1%
November	(5,400)	35,719	-15.1%	(4,616)	-19.9%	(784)	-6.2%
December	(8,048)	37,802	-21.3%	(6,324)	-27.1%	(1,724)	-12.0%
Jan 2008	(16,249)	36,994	-43.9%	(14,091)	-60.2%	(2,157)	-15.9%
February	(15,428)	35,512	-43.4%	(13,224)	-57.5%	(2,204)	-17.6%
March	(13,964)	36,674	-38.1%	(12,182)	-52.8%	(1,782)	-13.1%
April	(4,383)	36,293	-12.1%	(4,736)	-19.9%	353	2.8%
May	(970)	39,059	-2.5%	(1,936)	-7.7%	966	6.9%
June	(3,109)	43,062	-7.2%	(1,994)	-7.3%	(1,114)	-7.1%
Net Total	(75,906)	485,674	-15.6%	-62,538	-20.1%	-13,368	-7.7%

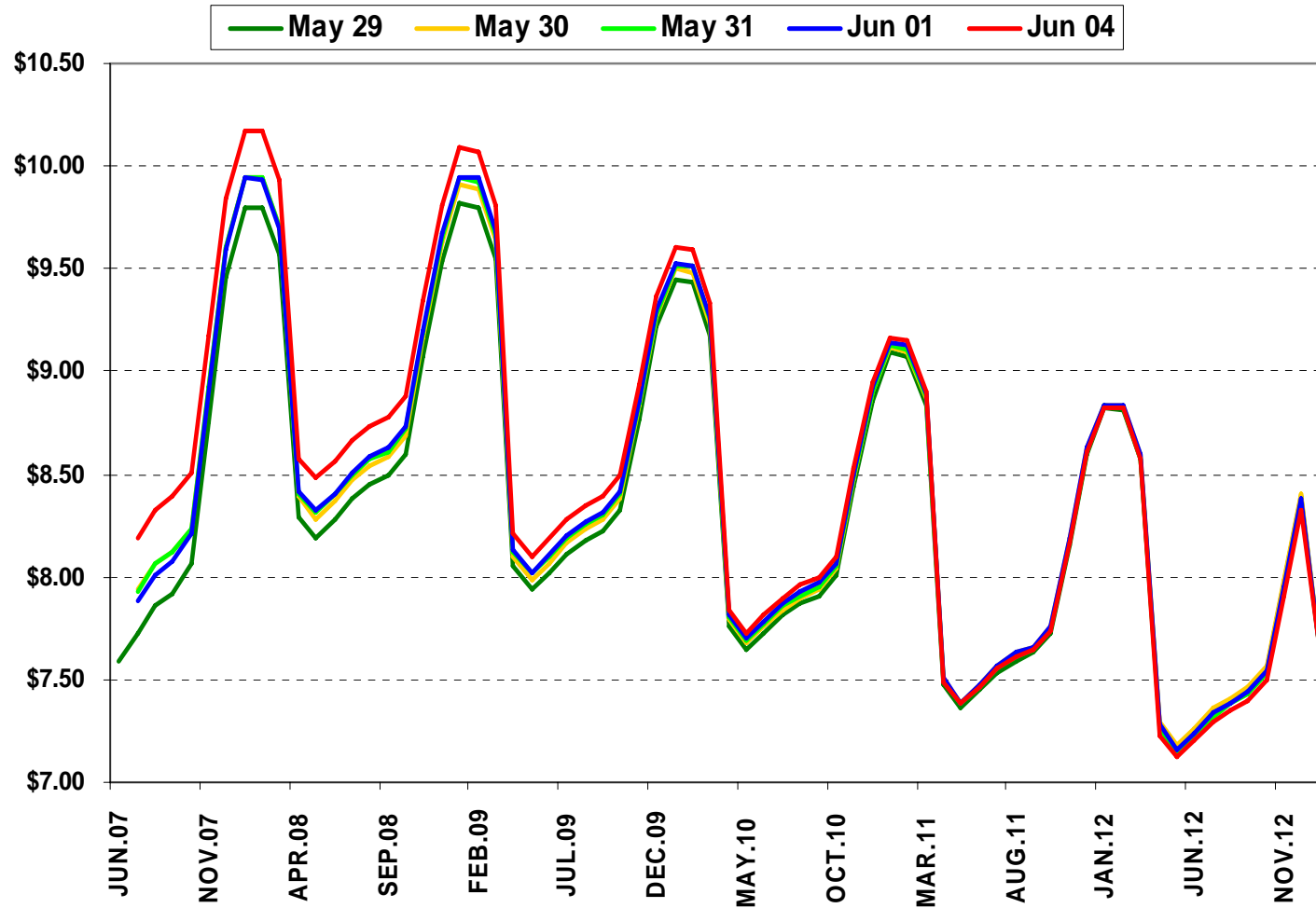


2008 Electric Prices





Natural Gas Forward Price Curves





Summary

- 3rd Quarter Financial Results ahead of projections (+\$650K)
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- Power Supply costs up \$2.3 million (+7%)
- Sales down 3.5% but revenues up 2.6%



Water and Wastewater

FY07 Quarterly Update

(Through March 31, 2007)

City Council Meeting
June 25, 2007



Summary

- **WATER:**
- Wastewater and Water had a good 3rd Quarter of FY07
- Wastewater cash balance is \$4.3 million
- Wastewater Fund Revenues on target at 80% of estimated
- Wastewater Fund Operating expenses are 62% of budget
- **WATER:**
- Water Fund Cash balance is \$856,000
- Water Fund Revenues are on target at 79 % of estimated
- Water Fund Operating expenses are 63 % of budget



Wastewater Financials

Ending 3/31/07

Revenue	FY Budget	Actuals	% of Budget
Sales Revenues	\$8,016,500	\$6,351,217	79.2%
Other Revenues	484,400	999,617	206.4%
Impact Mitigation Fees	1,607,000	809,829	50.4%
Total Revenues	\$10,107,900	\$8,160,663	80.7%
Expenses			
Operating	\$5,063,121	3,154,719	62.3%
Non-Operating	908,793	796,900	87.7%
Capital Outlay (See note below)	298,500	378,119	126.7%
Total Expenses	\$6,270,414	\$4,329,738	69.1%
Net Revenue for Debt Service	\$3,837,486	\$3,830,925	99.8%
Debt Service	3,339,110	2,736,022	81.9%
Net Revenue	\$498,376	\$1,094,903	219.7%
Less In-lieu Transfer to General Fund	892,500	669,375	75.0%
Net Increase (Decrease) in Cash	(\$394,124)	\$425,528	-108.0%
Beginning Cash Balance	2,956,954	4,251,700	143.8%
Other Changes in Cash	(1,010,000)	(342,172)	
Ending Cash Balance	\$1,552,830	\$4,335,056	279.2%
Debt Proceeds Reserve		\$13,029,023	
Note: Capital project expenditures of \$30,543,500 (included in budget document) are not included in this analysis.			



Wastewater Operating Expenses by Series

Personnel	\$ 2,468,321	\$ 1,622,761	65.7%
Supplies, Materials, Services	877,254	624,770	71.2%
Equipment, Land, Structures	102,675	71,043	69.2%
Other Payments	795,313	326,155	41.0%
Communication & Transportation	819,558	509,990	62.2%
Total Operating Expenses	\$ 5,063,121	\$ 3,154,719	62.3%



Water Financials

Ending 3/31/07

Revenue	FY Budget	Actuals	% of Budget
Sales Revenues	\$9,707,100	\$7,473,266	77.0%
Other Revenues	399,900	603,127	150.8%
Impact Mitigation Fees	234,000	55,391	23.7%
Total Revenues	\$10,341,000	\$8,131,784	78.6%
Expenses			
Operating	4,468,583	2,811,946	62.9%
Non-Operating	909,259	721,541	79.4%
Capital Outlay	6,926,748	2,413,621	34.8%
Total Expenses	\$12,304,590	\$5,947,108	48.3%
Net Revenue for Debt Service	(\$1,963,590)	\$2,184,676	-111.3%
Debt Service	227,976	17,754	7.8%
Net Revenue	(\$2,191,566)	\$2,166,922	
In-lieu Transfer to General Fund	767,040	575,280	75.0%
Net Increase (Decrease) in Cash	(\$2,958,606)	\$1,591,642	-53.8%
Beginning Cash Balance	829,000	87,136	10.5%
Other Changes in Cash	2,908,617	(822,753)	
Ending Cash Balance	\$779,001	\$856,025	
Central Plume Trust Account	\$6,056,155	\$8,687,603	



Water Expenses by Series

	FY07 Budget	FY07 Q3	% of Budget
Personnel	\$ 1,211,337	\$ 761,370	62.9%
Supplies, Materials, Services	621,811	217,955	35.1%
Equipment, Land, Structures	3,851	1,812	47.1%
Other Payments	1,751,844	1,313,035	75.0%
Communication & Transportation	879,740	517,774	58.9%
Total Operating Expenses	\$ 4,468,583	\$ 2,811,946	62.9%